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MAY 29 1961



# Annual Report

for the Year ended February Twenty-Eighth

Nineteen Hundred and Sixty-One

**INTERPROVINCIAL BUILDING CREDITS, LTD.**

Head Office, Toronto, Ontario



# **INTERPROVINCIAL BUILDING CREDITS, LTD.**

## **BOARD OF DIRECTORS**

*K. B. ANDRAS	*EDWIN M. HENRY
L. PAUL BOCK	FREDERIC HOUDE
LEOPOLD CARRIERE	RICHARD B. HURTON
*LEONARD P. CHALMERS	*S. STANLEY LEGGATT
*HENRY M. CLARIDGE	CHARLES E. MacCULLOCH
*CYRIL R. T. CUNNINGHAM	MERRILL D. MUTTART
E. J. T. GOUDIE	*WILLIAM J. SHAVE

BRETT F. SINE

\* Members of the Executive Committee of the Board of Directors.

## **OFFICERS and EXECUTIVE STAFF**

President and General Manager  
EDWIN M. HENRY

First Vice-President  
S. STANLEY LEGGATT

Vice-President  
CYRIL R. T. CUNNINGHAM

Secretary, Treasurer and Assistant  
General Manager  
J. F. DESCENT

Assistant General Manager  
D. A. LEGGATT

Manager, Collection Department  
J. S. ADAM

Manager, Credit Department  
E. M. HIGGINS

Collection Supervisor  
W. J. WISEMAN

## **DIVISIONAL MANAGERS**

WM. INGLIS	Vancouver	P. H. DUNT	London
A. A. WRIGHT	Calgary	K. J. EPPS	Hamilton
J. MORREN	Edmonton	T. G. RIMMER	Toronto
J. N. SCHNEIDER	Regina	L. D. ROMANICA	Ottawa
G. BOOMER	Winnipeg	J. J. BOURBONNIERE	Montreal
B. V. MOORE	Sudbury	T. CARNEGIE (Acting)	Halifax

## INTERPROVINCIAL BUILDING CREDITS, LTD.

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### Directors' Report to the Shareholders

A year ago Shareholders received my first report as President of your Company, and later I wrote to you with regard to our operations in the first half of the fiscal year ended February 28, 1961. In both these reports it has been our policy to endeavour to keep you as fully informed as possible upon the activities and the prospects of your Company; in keeping with this policy I should now like to comment in further detail upon the operations of the year which has just ended and upon the annual accounts.

The accounts have again been prepared in consolidated form, and the financial position and results of operations of our partly-owned subsidiary, Family Mortgage Company, are included with those of the Company. Family Mortgage Company has continued to effect economies and has been successful in showing a net profit of \$21,911 for its fiscal year ended October 31, 1960; the subsequent period of four months to February 28, 1961, shows a further profit of \$6,439. You will recall, however, that it had not been our original intention to acquire a controlling interest in Family Mortgage Company. In pursuance of this intention discussions have taken place and are continuing with a number of persons who have expressed interest in providing additional financing for the subsidiary. In the meantime, your Company's investment in Family Mortgage Company is adequately safeguarded, and regular payments are being received on account of the interest bearing advances which your directors authorized to permit the subsidiary to meet its initial commitments.

Turning to the operations of your Company, the net profit of \$110,645 for the year ended February 28, 1961, compared with \$93,249 for the previous year, represents a more solid achievement than the figures alone in the annual accounts demonstrate. During this year we have continued to face a strong measure of competition, which, had it not been for vigorous action, would have seriously affected our volume of business. To this end we have intensified our business development programme and introduced new features into our service to dealers, all of which are costly and from which, we believe, the full benefit is yet to be derived. Our aim has been, and must always remain, the development of as large a volume as is compatible with sound credit practices, and we have therefore taken special care that, in our efforts to maintain and increase the



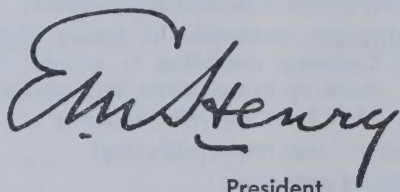
volume of our business, no lessening of our credit standards has occurred. In this regard, I should like to mention the co-operation which we have received from lumber and other dealers whose association with your Company has continued over many years. During the past year, the paper on hand was found to be, in general, of good quality. No undue difficulties were experienced in making collections and no unusual write-offs were required or are anticipated.

While the economic climate appears somewhat uncertain, your Directors, nevertheless, look forward with confidence to the future growth of your Company.

Your Directors have measured our progress thoroughly and have given careful thought to the question of a resumption of dividends. It is considered that further building of our cash resources and consolidation of our progress is advisable before dividend payments are resumed.

Finally, I should like to draw to your attention the loyal co-operation of all members of the staff both at head office and at the branches across the country. There has been the effort which has made our progress possible and to them I express our thanks for their energy and devotion.

This report is respectfully submitted on behalf of your Board of Directors.

A handwritten signature in dark ink, reading "E. M. Henry". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

President.

Toronto, Canada, May 25, 1961.

# INTERPROVINCIAL BUILDING CREDITS, LTD.

Consolidated

February 28, 1961

## ASSETS

### CASH AND NOTES RECEIVABLE:

Cash on hand and in banks .....	\$	398,237	
Instalment notes receivable (maturing in monthly instalments up to sixty months) .....	\$13,586,526		
Less — Unearned service charges .....	1,091,579	\$12,494,947	
Long term notes receivable (maturing in instalments up to ten years) .....	\$ 3,056,303		
Less — Unearned service charges .....	671,354	2,384,949	
Other notes receivable .....		48,818	
		<u>\$14,928,714</u>	
Less — Allowance for doubtful accounts .....		305,000	
			<u>14,623,714</u>
			<u>\$15,021,951</u>

### OTHER ASSETS:

Office equipment and automobiles at cost, less accumulated depreciation of \$116,952 ....	\$	90,074	
Unamortized leasehold improvements .....		4,898	
Mortgages receivable of Family Mortgage Company (maturing in monthly instal- ments up to ten years), less allowance of \$1,822 for doubtful accounts .....		540,061	
Income taxes recoverable (net) .....		41,891	
Prepaid expenses .....		19,306	
Miscellaneous .....		<u>8,931</u>	
			705,161

### DEFERRED CHARGES:

Unamortized discount on issue of Sinking Fund Debentures .....	\$	91,875	
Organization expenses of Family Mortgage Company .....		<u>17,156</u>	
			109,031
			<u>\$15,836,143</u>

Auditors' Report to the Shareholders of  
INTERPROVINCIAL BUILDING CREDITS, LTD.:

We have examined the consolidated balance sheet of Interprovincial Building Credits, Ltd. and its partly-owned subsidiary, Family Mortgage Company, as at February 28, 1961 and the consolidated statement of income and expenses and earnings retained in the business for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

# LTD. and its Subsidiary Company

## Balance Sheet

March 31, 1961

### LIABILITIES

#### CURRENT LIABILITIES:

Bank loans — secured .....	\$ 8,000,000	
Short term notes — secured .....	2,157,000	
Accounts payable and accrued .....	142,843	
Sinking fund instalments on funded debt due within one year .....	81,000	
		<u>\$10,380,843</u>

#### FUNDED DEBT:

6¼% Sinking Fund Debentures, Series A, maturing July 15, 1979			
Sinking fund requirements: \$100,000 in each of the years 1960 to 1978 —			
Authorized and issued .....	\$ 2,000,000		
Less:			
Redeemed .....	\$ 119,000		
Balance due within one year ..	81,000	200,000	
			<u>1,800,000</u>

#### INTEREST OF MINORITY SHAREHOLDERS

IN FAMILY MORTGAGE COMPANY .....	164,429
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#### CAPITAL:

Capital stock —			
Authorized —			
500,000 common shares without nominal or par value			
Issued and fully paid —			
309,763 common shares .....	\$ 3,274,034		
Earnings retained in the business, per statement attached .....	216,837		
			<u>3,490,871</u>

#### APPROVED ON BEHALF OF THE BOARD:

E. M. Henry, Director  
W. J. Shave, Director

\$15,836,143

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statement of income and expenses and earnings retained in the business are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at February 28, 1961 and the results of their operations for the year ended on that date.

PRICE WATERHOUSE & CO.,  
Chartered Accountants.



**INTERPROVINCIAL BUILDING CREDITS, LTD.**  
**and Its Subsidiary Company**

Consolidated Statement of Income and Expenses,  
and of Earnings Retained in the Business  
for the Year Ended February 28, 1961

**INCOME:**

Service charges and other income .....	\$2,095,748
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**EXPENSES:**

Salaries of executive officers .....	\$ 58,252
Salaries — other .....	476,011
Rent .....	66,466
Interest and discount on debentures .....	109,744
Bank and other interest .....	631,006
Provision for doubtful accounts, less bad debts recovered of \$24,095 .....	74,180
Insurance on borrowers' lives .....	49,751
Legal fees .....	10,064
Directors' fees .....	8,913
Depreciation and amortization .....	23,667
Other general and administrative expenses .....	374,380
	1,882,434
	\$ 213,314

Portion of profit of Family Mortgage Company applicable to minority shareholders .....	8,069
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Net income before income taxes .....	\$ 205,245
Provision for income taxes thereon .....	94,600
Net income for the year .....	110,645
Earnings retained in the business, February 29, 1960 .....	106,192
Earnings retained in the business, February 28, 1961 ....	\$ 216,837



**INTERPROVINCIAL BUILDING CREDITS, LTD.**  
**and Its Subsidiary Company**

Notes to Consolidated Financial Statements  
as at February 28, 1961

1. The consolidated financial statements include the assets and liabilities, and earnings of Family Mortgage Company, a subsidiary in which Interprovincial Building Credits has a 67.35% interest.
2. Transferable share subscription warrants originally attached to 6¼% Sinking Fund Debentures, Series A, entitling the holders to purchase 80,000 of the unissued shares of the capital stock of the company at a price of \$12 per share to July 15, 1962, thereafter at \$14 per share to July 15, 1964 and thereafter at \$16 per share to July 15, 1966, were outstanding at February 28, 1961.
3. The parent company follows the policy of taking into income a portion of the service charge on each instalment note at the time the note is acquired; the remainder of such service charge is taken into income over the life of the note.







